

Please write clearly in block capitals.

Centre number

Candidate number

Surname _____

Forename(s) _____

Candidate signature _____

INTERNATIONAL GCSE BUSINESS

PAPER 2 INFLUENCES OF MARKETING AND FINANCE ON BUSINESS ACTIVITY

Specimen 2017

Morning

Time allowed: 2 hours

Materials

For this paper you must have:

- a calculator, which you are expected to use where appropriate.

Instructions

- Use black ink or black ballpoint pen.
- Fill in the boxes at the top of the page.
- Answer **all** questions.
- You must answer the questions in the spaces provided. Do not write outside the box around each page or on blank pages.
- All working must be shown.
- Do all rough work in this book. Cross through any work you do not want to be marked.

Information

- The marks for questions are shown in brackets.
- The maximum mark for this paper is 90.

Advice

- You may use a bilingual dictionary.

For Examiner's Use	
Question	Mark
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	
11	
12	
TOTAL	


Section A


Answer **all** questions in the spaces provided.

Only **one** answer per question is allowed.

For each answer completely fill in the circle alongside the appropriate answer.

CORRECT METHOD WRONG METHODS

If you want to change your answer you must cross out your original answer as shown. 

If you wish to return to an answer previously crossed out, ring the answer you now wish to select as shown. 

0 1

Which **one** of the following is a primary industry?

[1 mark]

- A** Banking
- B** Building houses
- C** Farming
- D** Tourism

0 2

Which **one** of the following is an example of secondary market research?

[1 mark]

- A** Counting how many customers go into your competitor's store
- B** Emailing a questionnaire to your customers
- C** Stopping people in the street to ask their opinions of your product
- D** Studying your competitor's sales figures

0	3
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A business has variable costs of 3.00 US\$ per item manufactured and fixed costs of 500 US\$.

What will be the total cost of manufacturing 1000 items?

[1 mark]

A 503 US\$

B 3000 US\$

C 3500 US\$

D 503 000 US\$

0	4
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USP is a marketing term.

What do the initials USP stand for?

[1 mark]

A Uniform Selling Price

B Unique Selling Point

C Unit Sales Product

D Unrelated Sales Promotion

0	5
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Which **one** of the following is most likely to happen if there is a large rise in unemployment?

[1 mark]

A Government spending on benefits will go down

B More people will be looking for work

C People's living standards will increase

D There will be an increase in the demand for luxury items

Turn over for the next question

Turn over ►

0	6
---	---

Which **one** of these pricing strategies involves setting the price low at the beginning then gradually increasing it?

[1 mark]

A Competitive pricing

B Cost plus pricing

C Penetration pricing

D Price skimming

0	7
---	---

Identify and explain **one** reason why a start-up business might conduct market research.

[2 marks]

0	8
---	---

Table 1 shows the revenue and costs of a cafe for three months. The figures are given in Egyptian Pounds (EGP).

Table 1

Month	Revenue	Total Costs
January	45 000 EGP	32 000 EGP
February	55 000 EGP	35 000 EGP
March	50 000 EGP	35 000 EGP

Calculate the average monthly profit made over these three months.

Show your calculations.

[3 marks]

Turn over for the next question

Turn over ►

0	9
---	---

Yousef is planning to start his own taxi business.

Identify and explain **one** way Yousef might benefit from setting a clear objective for his business.

[2 marks]

1	0
---	---

Many international businesses have strong brands for their products.

Identify and explain **one** benefit to a business of having a well-known brand.

[2 marks]

Section B

Answer **all** questions in the spaces provided.

1	1
---	---

Item A Costa Coffee

Costa Coffee is the second largest coffee shop chain in the world. The largest chain is Starbucks. Costa is trying to beat Starbucks to become the number one coffee shop provider.

Costa started in the UK in 1971. At first, it only sold coffee beans to London restaurants. There was then a period of fast expansion when the company began to open up its own coffee shops. The first overseas coffee shop that Costa opened was in Dubai in 1995. Costa now has about 3500 coffee shops in more than 30 countries.

In 2011 Costa took over coffee vending machine company, Coffee Nation. This helped Costa move into the self-serve market. It called the new brand Costa Express and now has more than 6000 coffee vending machines. Many of these self-serve machines are located at petrol filling stations where people can buy a freshly-made cup of coffee.

1	1	.	1
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Identify and explain **two** benefits to Costa of becoming a larger business.

[4 marks]

Benefit 1 _____

Benefit 2 _____

Turn over ►

1 1 . 3

Costa took over the coffee vending business, Coffee Nation.

Identify and explain **two** benefits to Costa of expanding by taking over another business.

[4 marks]

Benefit 1 _____

Benefit 2 _____

Question 11 continues on the next page

Extra space _____

Item C
Costa Coffee

In the financial year 2015/2016:

- Costa made £154 million Net Profit
- Costa's Revenue for that year was £1103 million.

Figures are in UK pounds.

1 | **1** | **5**

Calculate Costa's Net Profit Margin for the financial year 2015/2016.

Give your answer correct to 2 decimal places and show your calculations.

[3 marks]

Question 11 continues on the next page

1 1 . 6

The Net Profit that Costa makes can be used:

- to give shareholders a dividend
- to pay for the expansion of the business.

Using Items **A** and **B**, analyse the benefits to Costa of using its profits to expand the business.

[6 marks]

Extra space

Item D
Costa Coffee

Like many large international companies, Costa sees itself as a responsible business. Costa says it does not want its business to cause too much harm to the environment. It asks its customers to put their paper cups in a waste paper bin to avoid dropping litter. It is also trying to find ways of recycling the paper cups, so valuable resources are not wasted.

Costa has also started a charity to raise money to help poor areas of the world where Costa coffee beans are grown. The charity is called the Costa Foundation. About £2 million (UK pounds) are raised each year. This amount comes from customers giving money and from the sale of Costa items, such as cups with the Costa logo. This money is used in these poor areas to help local communities by providing schools. Costa believes that a better education will give children a good start in life and help them out of poverty.

1 **1** . **7**

Becoming a socially-responsible business can have an effect on Costa's profits.

Evaluate whether Costa should be more concerned about increasing its profits, than being a socially-responsible business.

Use the information in Items **A**, **B**, **C** and **D** to give reasons for your decision.

[12 marks]

A large rectangular frame containing 25 horizontal lines for writing. The lines are evenly spaced and extend across the width of the frame, leaving a margin on the left side. The frame is defined by a thin black border.

Extra space

Turn over for the next section

41

Turn over ►

Section C

Answer **all** questions in the spaces provided.

1 2

Item E Fantastic Fabrics



Fantastic Fabrics is a Malaysian shop that sells fabrics to make dresses with and other sewing items. Mrs Mistry started the business in 1985 and still manages it on her own. When the shop first opened it sold only rolls of fabric. Most of the customers were women who bought the fabric to make clothes for their families. Some customers used the fabric to earn money by making clothes for other people.

Mrs Mistry stocks many different rolls of fabric in her shop. Her customers like to have a wide range to choose from when they buy fabric. Some of these rolls are very expensive for Mrs Mistry to buy. Sometimes it takes two years to sell all of the fabric on a roll. The large levels of stock have often resulted in the shop having cash flow difficulties.

1 2

1

What is meant by a cash flow difficulty?

[2 marks]

1	2	.	2
---	---	---	---

Identify and explain **two** ways that Mrs Mistry might improve her cash flow without reducing her stock of fabrics.

[4 marks]

1 _____

2 _____

Question 12 continues on the next page

Extra space _____

Item G
Fantastic Fabrics

In recent years, the sale of fabrics has started to fall. Mrs Mistry thinks that this is because young people no longer have the skills needed to make their own clothes.

Mrs Mistry has kept sales records of how much fabric she has sold since starting Fantastic Fabrics. The average weekly sales can be seen in **Table 2**.

Table 2 Average weekly sales of fabric at Fantastic Fabrics

	1985	1995	2005	2015
Average weekly sale of fabric in meters	75 meters	160 meters	165 meters	90 meters

1 **2** . **4**

Using **Table 2** and your knowledge of the product life cycle, explain the changes seen in the sales of fabric.

[6 marks]

Extra space

Item H
Fantastic Fabrics

Mrs Mistry is often asked if she could provide sewing classes to teach sewing skills. She could provide the sewing classes in the evening after the shop had closed. She would need to invest in 8 new sewing machines to be used in the sewing classes. She would also have to pay for the electricity and fabric used when teaching the classes.

Table 3 Estimated revenue and costs of operating the sewing classes
Figures are Malaysian Ringgits (RM)

Total revenue from people attending each class	200 RM per evening class
Investment in sewing machines	8 sewing machines at 1200 RM each
Cost of providing the classes (electricity and fabric)	40 RM per evening class

Mrs Mistry believes that she would be able to provide only two classes each week. She is elderly and she feels that she would get too tired if she taught any more classes.

1 **2** . **5**

Mrs Mistry plans to run two sewing classes each week.

Using the figures in **Table 3**, calculate how long, in weeks, it would take for Mrs Mistry's investment in sewing machines to be paid back (the payback period).

Show your calculations.

[4 marks]

There are no questions printed on this page

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